Iraq Weekly Status Report

August 17, 2005

Bureau of Near Eastern Affairs
US Department of State

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This report provides weekly updates in the seven key areas identified as pillars of US government policy in Iraq.

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Highlights



1.0 Transition to Security Self-Reliance

i Iraqi Police graduated 1,163 Public Order Brigade officers August 11 after they completed a six-week training program at the Civil Intervention Force Academy at An-Numaniyah Military Base.

2.0 Support a Free and Democratic Iraq

- Ön August 15, Iraqís Transitional National Assembly (TNA) voted to amend the Transitional Administrative Law deadline for a draft constitution no later than August 22.
- ï An International Republican Institute (IRI) poll conducted July 9-14 found that a majority of Iraqis are confident in the TNA and the constitutional committee.

3.0 Provide Essential Services

Not all governorates are following the Ministry of Electricity's national rolling blackout schedule. This is negatively impacting electricity availability in Baghdad. Due to the influx of electrical appliances and high seasonal temperatures, electricity demand continues to set new records.

Highlights



4.0 Establish Foundation for a Strong Economy

- ï On August 1, the Executive Board of the International Monetary Fund (IMF) concluded its first economic review of Iraq in 25 years.
- i Iraq recently established an Investment Promotion Agency that will allow it to join the more than 160 other countries with similar agencies that compete for approximately \$7 trillion annually in foreign direct investment worldwide.

5.0 Promote the Rule of Law

ï Top Saddam Hussein aide Tariq Aziz will not testify against Hussein in any criminal trial, Aziz's lawyer reportedly told the Associated Press on August 16.

6.0 Maintain International Engagement and Support

i On August 11, the UN Security Council unanimously voted to extend the UN Mission in Iraq mandate for another year until August 2006.

7.0 Promote Strategic Communications

i Prime Minister Ibrahim Jaíafari assigned the Minister of State for National Assembly Affairs to start a campaign to increase the awareness of the people on the constitution.

[1.0] Transition to Security Self-Reliance ñ Iraqi Security Forces



Graduates Form the Fifth Public Order Battalion:

i Iraqi Police graduated 1,163 Public Order Brigade officers August 11 after they completed a six-week training program conducted at the Civil Intervention Force Academy at An-Numaniyah Military Base. The Public Order Police have been utilized as a bridging force to restore and maintain law and order in cities where the police force has not yet been established or will be reconstituted due to insurgent activity. They provide a critical security presence and ensure the safety and security of the local populace.

<u>Iraqi Police Graduate 239:</u>

The Iraqi Police Service graduated 239 police officers from advanced and specialty courses at the Adnan Training Facility August 11, according to the Civilian Police Assistance Training Team, Multi-National Security Transition Command-Iraq. The courses consist of Basic Criminal Investigations, Interview and Interrogations, Violent Crime Investigation, Critical Incident Management, Criminal Intelligence, Executive Leadership, Mid-Level Management, and Election Security.

[1.0] Transition to Security Self-Reliance ñ Iraqi Security Forces



Ministry of Interior Forces

COMPONENT	TRAINED & EQUIPPED
POLICE	67 000
HIGHWAY PATROL	~ 67,000
OTHER MOI FORCES	~ 32,900
TOTAL	~ 99,900*

Ministry of Defense Forces

COMPONENT	OPERATIONAL
ARMY	~ 79,000
AIR FORCE	~ 200
NAVY	~ 700
TOTAL	~ 79,900**

Total Trained & Equipped ISF:

~ 179,800

- * Ministry of Interior Forces: Unauthorized absences personnel are not included in these numbers
- ** Ministry of Defense Forces: Unauthorized absences personnel are not included in these numbers

[2.0] Support a Free and Democratic Iraq ñ Developments



Constitution Update:

- Ön August 15, Iraqís Transitional National Assembly (TNA) voted to amend the Transitional Administrative Law deadline for a draft constitution no later than August 22.
- i In a statement commending Iraqís effort, Secretary of State Condoleeza Rice said, i Iraqis from across the political spectrum ñ Sunni, Shia, Kurds and others ñ are making substantial progress on their constitution, including on many of the most difficult issues before them. They have achieved a lot and they have generated considerable momentum toward the completion of their constitution. Iraq's leaders have asked for and received from their freely elected national assembly seven more days to finalize their work. This request was in full accordance with the Transitional Administrative Law, which provides the framework for this process.î

<u>Launch of Voter Registration Observation Program</u>:

ï Last week, National Democratic Institute (NDI) recruited 180 individuals who will be monitoring the Independent Electoral Commission of Iraqís (IECI) new voter registration process until the end of August. The observers will monitor approximately 550 voter registration centers throughout Iraq, with an average of eight or nine observers in each governorate.

[2.0] Support a Free and Democratic Iraq ñ Developments



International Republican Institute Poll:

- i An International Republican Institute (IRI) poll conducted July 9-14 found that a majority of Iraqis are confident in the Transitional National Assembly (TNA) and the constitutional committee. More than 70 percent of Iraqis strongly or somewhat approve of the performance of the TNA and a little more than 65 percent strongly or somewhat approve of the constitutional committee. Iraqis are also confident basic human rights and fair representation for all will be protected in a new constitution, with a little more than 72 percent responding they are very confident or somewhat confident.
 - ñ When asked what type of government would serve them best, 60.8 percent of Iraqis responded a strong central government in Baghdad; however, when asked whether they agreed or disagreed that a regional government should have more authority than the central government over the key issues, a strong majority did not always appear.
- The July poll also shows Iraqis remain optimistic about the future of their country and committed to voting in the October 2005 constitutional referendum. More than 75 percent feel things will be much better or better in five years and 85 percent are very likely or somewhat likely to vote in the October referendum.

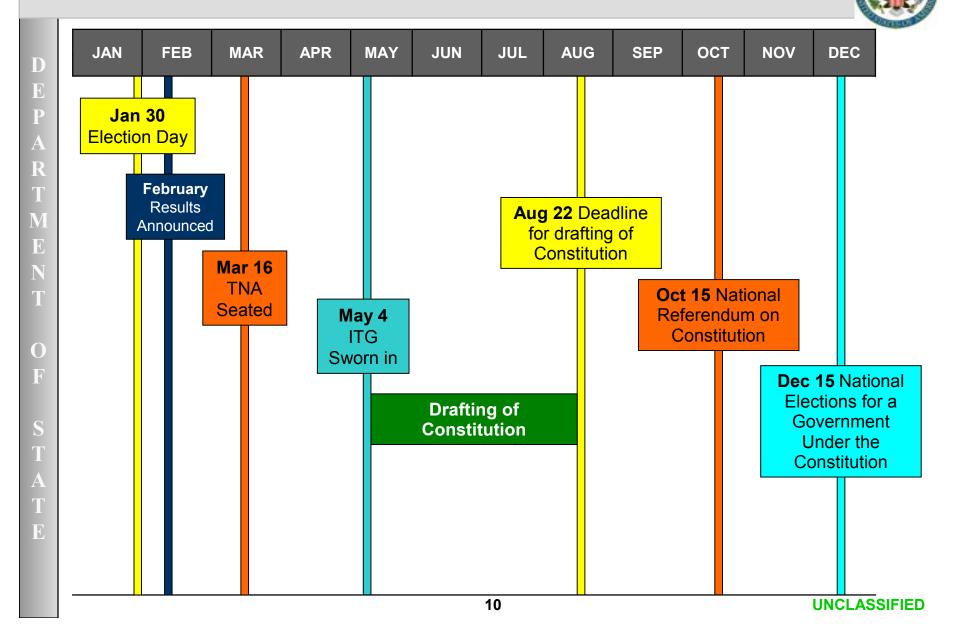
[2.0] Support a Free and Democratic Iraq ñ Developments



Continuing Transitional National Assembly (TNA) Responsibilities:

- ñ Serve as Iraq's national legislature until the election of a new government under a permanent constitution.
- ñ According to the Transitional Administrative Law, the TNA is to draft Iraq's new Constitution by August 22, 2005; this will be presented to the Iraqi people for their approval in a national referendum by October 15, 2005.
- ñ If it is approved, an election for a permanent Iraqi government under that new Constitution will occur by the end of 2005.

[2.0] Support a Free and Democratic Iraq ñ Electoral Process Timeline

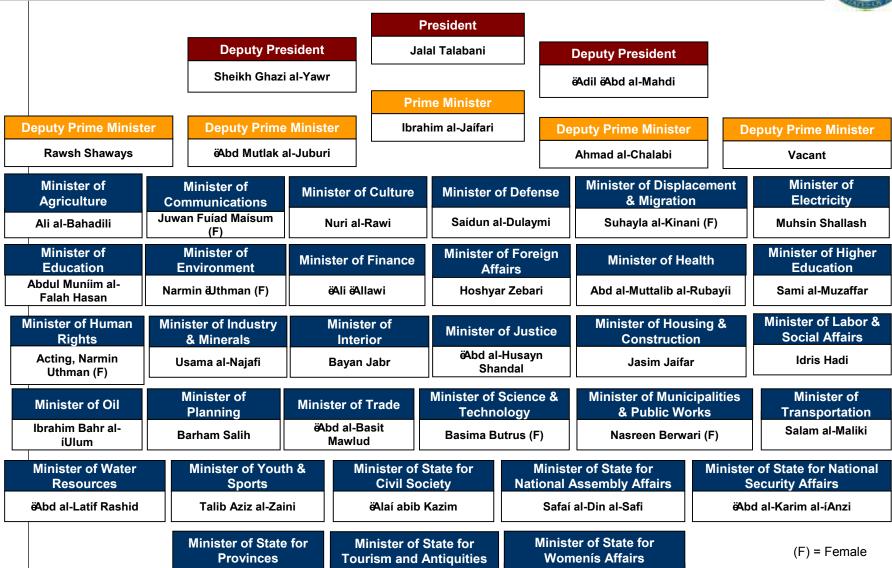


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[2.0] Support a Free and Democratic Iraq - Iraqi Transitional Government



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Hashim al-Hashimi

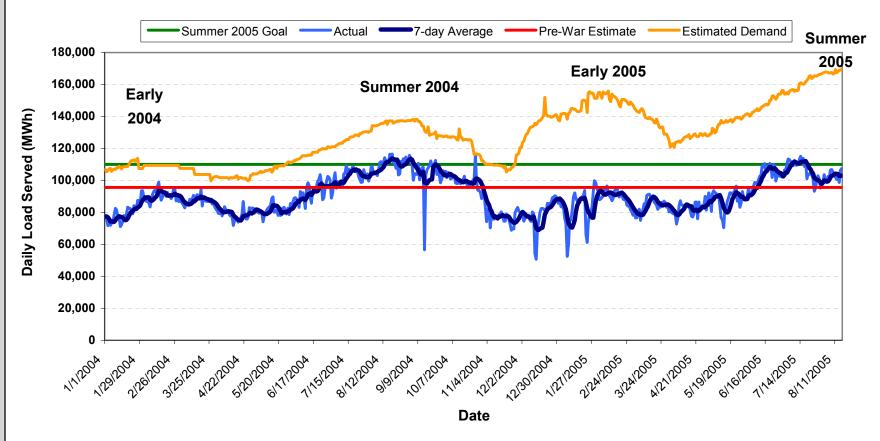
Saíd al-Hardan

Azhar al-Shaykhli (F)

[3.0] Provide Essential Services ñ Electricity Overview



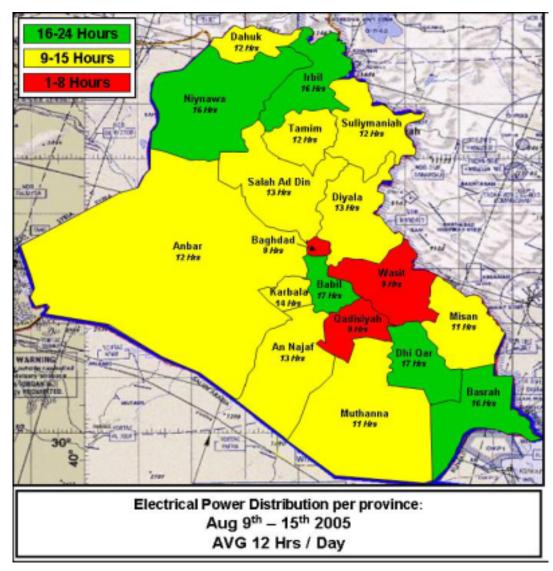
Daily Electricity Supplied and Estimated Demand in Iraq Since January 2004



- Average daily electricity service increased again in the last week (August 9-15) to 103,100 MWh.
- ï Baghdad averaged 8.3 hours of available power per day. National average was 12 hours per day.
- ï Demand reached a new record high on August 15.

[3.0] Provide Essential Services ñ Hours of Available Electricity





[3.0] Provide Essential Services ñ Water and Sanitation



Water and Sanitation:

- i PCO has completed 73 water treatment projects to date and has 74 more underway. Under the Accelerated Iraq Reconstruction Program (AIRP), 47 water treatment projects have been completed. There are a further 8 under construction.
 - ñ The majority of these projects are awarded directly to local contractors and local water authorities.
- The Irbil City-Ifraz Water Treatment Plant construction project is approximately 50 percent complete. Upon completion, the plant will supply an estimated 900,000 lraqis with safe, clean drinking water.
- Three of ten planned Ministry of Municipalities and Public Works (MMPW) Technical Learning Centers will be ready for classes in September. The centers are classroom buildings that will be used to train MMPW employees to perform operations and maintenance tasks for water and sewage systems.
 - The ten Technical Learning Centers are classroom buildings that will be used to train are spread throughout Iraq and are part of the Water Sector's Capacity Development Initiative. The Capacity Development Initiative, begun in March 2005, is a \$10.5 million program managed by PCO that provides water and sanitation training to Iraqis. Technical Learning Centers in Basrah and Irbil are already in operation, and furniture is now being installed at the Najaf Center.

[3.0] Provide Essential Services ñ Health Care and Telecommunications



Health Care:

- ï Construction is ongoing for 143 new primary health care (PHC) facilities across Iraq. Under the AIRP, an additional two PHCs are under construction and nine have been completed.
- i On August 11, the United Nations Assistance Mission for Iraq (UNAMI) hosted the first Health Sector Working Group (HSWG) meeting. The HSWG was created as part of the National Development Strategy for Iraq after the recent Donorís Conference in Amman, and will facilitate interaction and exchange between the Iraqi government and the donor community.

Telecommunications:

ï As of August 10, there were 2,961,887 active cellular subscribers in Iraq. Landline telephone subscribers in Iraq have also increased to 997,675. Prior to Operation Iraqi Freedom, there were approximately 833,000 landline subscribers and no mobile phone subscribers.

[3.0] Provide Essential Services ñ Education



Education:

- ï A total of 3,320 schools have been rehabilitated to date, and a further 774 are undergoing rehabilitation.
- ï The Project and Contracting Office (PCO) has completed 659 schools renovations to date and a further 62 are under construction. Under the AIRP, an additional 24 school renovations have been completed.
 - ñ PCO plans to renovate a total of 840 schools.
- ï USAID is sponsoring a laboratory technician training course in Amman in early September through its Higher Education and Development program (HEAD).
 - ñ The course will be held for technicians from five regional Environmental Health Education Resource Centers (EHERC). Workshop topics will include training on equipment for soil, water, and lead testing; and the operation of air pollution monitoring equipment.
 - ñ HEAD program representatives also plan to purchase medical examination equipment for the five EHERCs.

[4.0] Establish Foundation for a Strong Economy ñ Oil Update and Job Creation



Oil Update:

- ï Crude oil prices in world markets for the week ending August 12 closed with the following prices:
 - ñ Basra Light at \$56.99/barrel ñ Dated Brent at \$64.31/barrel
 - ñ WTI Cushing at \$64.91/barrel ñ Oman/Dubai at \$56.85/barrel
 - ñ Kirkuk Crude at \$57.94/barrel

Employment Update:

ï The following chart shows the number of Iraqis employed by USG-administered projects:

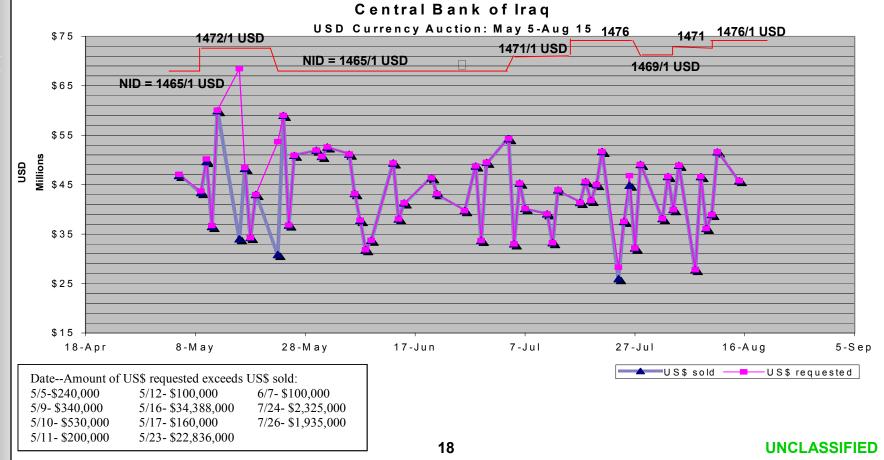
Employing Organization	Number of Iraqis Working Last Week	Number of Iraqis Working This Week	% Change on Week
PCO (Project and Contracting Office)	30,918	32,982	6.7%
USAID	34,872	35,354	1.4%
AIRP (Accelerated Iraqi Reconstruction Program)	2,040	2,040	0.0%
MILCON (Military Construction)	308	412	33.8%
CERP (Commanders' Emergency Response Program)	23,706	23,706	0.0%
MNSTC-I *	16,682	16,682	0.0%
IRRF NON-CONSTRUCTION	11,357	11,357	0.0%
GRAND TOTAL	119,883	122,533	2.2%

[4.0] Establish Foundation for a Strong Economy - Banking Sector



Central Bankís USD Currency Auction:

- The following table shows volume sold/requested and exchange rates for USD in the Iraqi currency auction from May 5 through August 15.
- ï The settlement price at the currency auction on August 15 was 1,476 dinars per USD. Total amount requested and sold was \$45.81 million.



[4.0] Establish Foundation for a Strong Economy



Iraqi Stock Exchange (ISX):

- ï On August 15, the ISX trading volume was 271 million shares with a trading value of NID 1.5 billion (\$1.02 million).
 - ñ The banking sector comprised the largest volume and value of trading, with trading in shares of six banks accounting for a trading volume of 131 million shares and trading value of NID 824.6 million (\$558,695).
 - ñ The industry sector comprised the second largest volume of trading. Sixteen companies in this sector accounted for a trading volume of 103 million shares with a trading volume of NID 411.2 million (\$278,579).

<u>Iraqís Investment Promotion Agency Established</u>:

- i In July, USAID Administrator Natsios and Iraq Minister of Planning Salih signed an agreement at the Joint Commission for Reconstruction and Economic Development (JCRED) in Amman, Jordan, committing USAID to equip and train the new agencyis staff to manage the organization and promote investment.
- ï Support will be delivered through USAIDís Izdihar project, whose staff had worked with the Government of Iraq to develop an investment promotion strategy that culminated in the signed agreement.
- i With the creation of the Iraq Investment Promotion Agency, Iraq will join the more than 160 other countries with similar agencies that compete for approximately \$7 trillion annually in foreign direct investment worldwide.
 - ñ In addition, the work of the new agency will help expand the markets for Iraqís domestic products and services, stimulate economic growth and create new jobs in Iraq.

[4.0] Establish Foundation for a Strong Economy

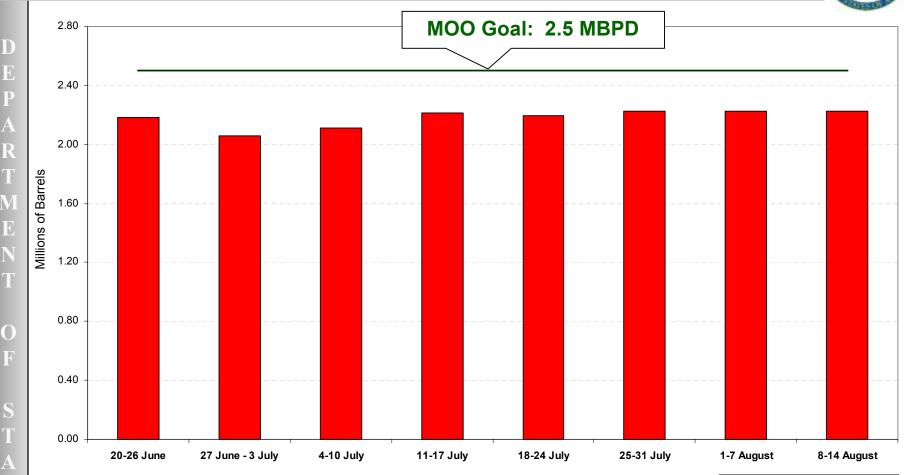


IMF Executive Board Concludes 2005 Article IV Consultation with Iraq:

- ï On August 1, the Executive Board of the International Monetary Fund (IMF) concluded its first economic review of Iraq in 25 years.
- ï Last year, the IMF gave Iraq a \$436 million emergency loan to help rebuild the countryís economy. In Iraqís Article IV review the IMF said security problems had reduced exports and stalled efforts to rebuild Iraqís economy, also deterring trade and investment flows.
- The Emergency Post Conflict Agreement (EPCA) program, running through the end of 2005, underscored the authorities' commitment to a comprehensive economic and financial program. The IMF noted:
 - ñ The Central Bank of Iraq (CBI) reports net international reserves of \$7.4 billion at end-December 2004, well above the program floor of \$4 billion.
 - ñ The fiscal deficit for 2004 was somewhat larger than targeted under the EPCA program. Spending on goods and services was higher than budget provisions, with larger outlays for defense and security. Grant-financed reconstruction expenditure in 2004 fell significantly short of expectations.
 - ñ Economic growth projections for 2005 were revised downward from earlier projections of 17 percent to 3.7 percent due to less than anticipated oil production rates. The IMF expects growth rates to regain speed in 2006 and 2007 as oil production rebounds.
 - n The IMF did not specify the size or character of a new lending agreement with Iraq, but plans to discuss possibilities with Iraqi authorities later this year. In the meantime, the IMF urged the Iraqi government to pursue reforms, including efforts to root out corruption, improve fiscal oversight, oil management, and reform domestic subsidies on petroleum products.

[4.0] Establish Foundations for a Strong Economy ñ Crude Oil Production





i Weekly Average (August 8-14) of 2.22 Millions of Barrels Per Day (MBPD)

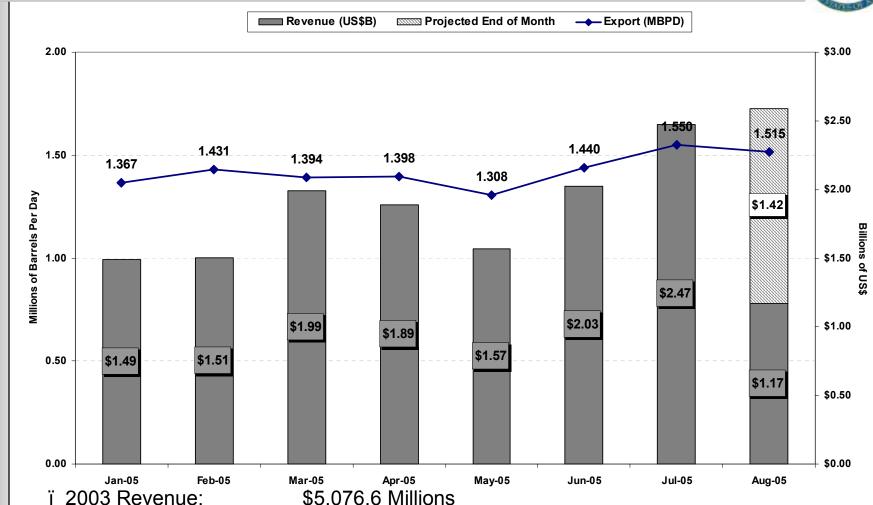
ï Pre-War Peak: 2.5 MBPD in Mar 2003

ï Post-War Peak: 2.67 MBPD

■ Production

[4.0] Establish Foundations for a Strong Economy ñ Crude Oil Export





\$5,076.6 Millions

2004 Revenue:

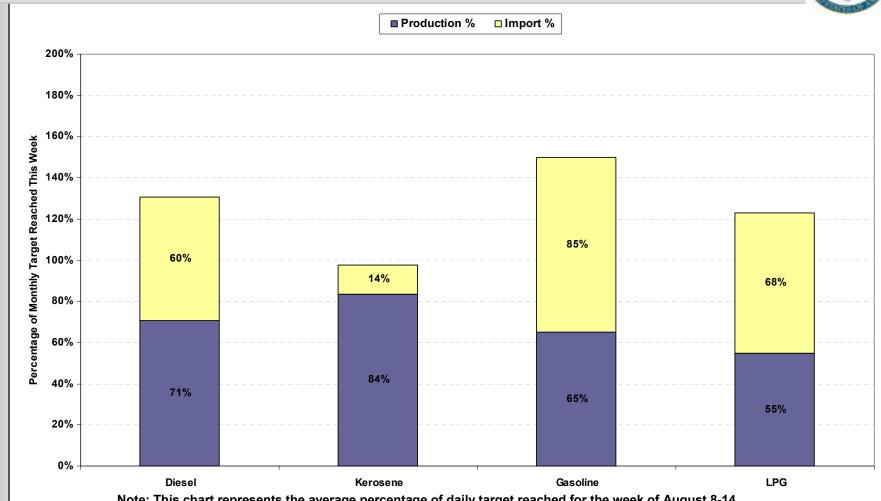
\$17,012.3 Millions

2005 Revenue:

\$14,119.1 Millions (cumulative for 2005)

[4.0] Establish Foundations for a Strong Economy ñ Refined Products





Note: This chart represents the average percentage of daily target reached for the week of August 8-14

ï Diesel: 23.5 millions of liters (ML)

of 18 ML

ï Kerosene: 6.7 ML of 6.9 ML

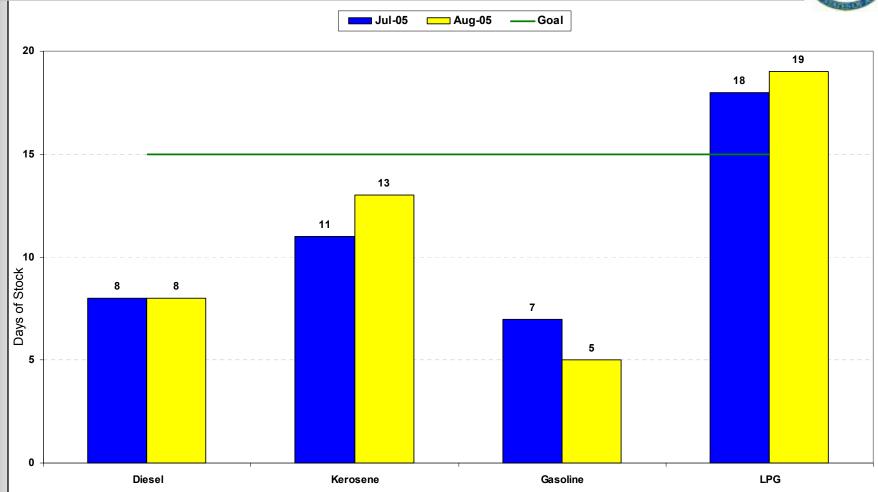
ï Gasoline: 27.0 ML of 18 ML

ï LPG: 5,286 tons of 4,300 tons

[4.0] Establish Foundations for a Strong Economy ñ National Stock Levels



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i The goal is for all refined products to be over 15 days worth of stocks at maximum consumption rates and does not represent seasonal change. The numbers given above are monthly averages.

[4.0] Establish Foundation for a Strong Economy ñFinancials from Iraq Relief and Reconstruction Fund (IRRF) 1 and IRRF 2



Data as of August 17, 2005

\$Millions	Apporti	oned		Committed	d Obligated			Disbursed			
Sector	2207 Report	Apportion	Last Week	Current	Change	Last Veek	Current	Change	Last Week	Current	Chang
Security and Law Enforcement	5,035.6	5,035.6	4,955.2	4,946.3	(8.86)	4,558.8	4,565.6	6.79	3,165.4	3,271.0	105.6
Electricity Sector	4,308.2	4,067.7	3,789.2	3,824.4	35.20	2,571.6	2,627.2	55.54	1,384.3	1,426.0	41.7
Oil Infrastructure	1,723.0	1,723.0	1,571.4	1,649.1	77.70	1,174.5	1,209.2	34.68	438.0	451.5	13.4
Justice, Public Safety and Civil Society	1,224.2	1,224.2	1,147.7	1,147.6	(0.09)	978.9	984.6	5.76	426.8	457.8	31.0
Democracy	905.4	905.3	887.3	888.5	1.15	866.9	867,5	0.57	476.0	500.5	24.5
Education, Refugees, Human Rights, Governance	363.0	363.0	332.0	332.3	0.35	308.4	315.8	7.34	123.7	130.3	6.6
Roads, Bridges and Construction	355.2	355.2	334.0	333.4	(0.57)	209.1	210.2	1.11	126.0	128.9	2.9
Health Care	786.0	788.0	777.9	779.8	1.84	582.5	589.2	6.70	166.0	187.9	21.9
Transportation and Communications	509.0	508.5	483.2	488.2	5.01	386.4	388.3	1.93	122.7	146.1	23.4
Vater Resources and Sanitation	2,156.7	1,819.1	1,757.9	1,809.7	51.75	1,433.2	1,488.5	55.28	279.7	316.9	37.2
Private Sector Development	860.3	840.3	835.9	836.9	1.04	817.8	818.2	0.38	483.7	484.6	0.9
Admin Expense (USAID, STATE)	213.0	213.0	213.0	213.0	0.00	213.0	213.0	0.00	213.0	213.0	0.0
TOTAL	18,439	17,840.9	17,084.8	17,249.3	164.52	14,101.1	14,277.1	176.08	7,405.4	7,714.5	309.1
IRRF 2 Construction		10,409.9	9,909.5	10,073.6	164.18	7,542.2	7,677.4	135.19	3,394.9	3,558.2	163.3
IRRF 2 Non-Construction		6,525.7	6,288.0	6,163.2	(124.80)	5,691.9	5,608.3	(83.68)	3,534.5	3,491.7	(42.8
IRRF 2 Democracy		905.3	887.3	888.5	1.15	866.9	867.5	0.57	476.0	500.5	24.5
IRRF 1 Subtotal	2,473.3	2,473.3	2,473.3	2,473.3	0.00	2,473.3	2,473.3	0.00	2,406.6	2,406.6	0.0
Grand Total IRRF 1 & 2	20,912.8	20,314.2	19,558.1	19,722.6	164.52	16,574.4	16,750.4	176.08	9.812.0	10,121.1	309.1

[5.0] Promote the Rule of Law ñ Iraqi Judicial System



Former top Saddam associate Tariq Aziz says he won't testify against Saddam:

i Associated Press reports that top Saddam Hussein lieutenant Tariq Aziz will not testify against Saddam in any criminal trial, Aziz's lawyer said August 16. il will not betray my honor and my conscience and testify against Saddam Hussein," Aziz said in a statement read to The Associated Press by his lawyer, Badee Izzat Aref. Aziz remains in US custody and is also facing charges for his role in Saddam's regime. Aref said he meets with his client twice a week. An investigative judge on the Iraqi Special Tribunal, Munir Haddad, said earlier this week he expects that Saddam's first trial will begin i within 45 to 50 days." The former Iraqi leader will face charges on his alleged role in the 1982 massacre of about 150 Shiite Muslims in the town of Dujail north of Baghdad in retaliation for an assassination attempt against him.

[6.0] Maintain Intíl Engagement & Support ñ Developments



International Support:

- ï On August 11, the UN Security Council unanimously voted to extend the UN Mission in Iraqís mandate for another year until August 2006.
- i On August 16, the Special Representative of the Secretary-General (SRSG), Mr. Ashraf Qazi, described the resolution unanimously adopted by the Transitional National Assembly to extend discussions on the draft permanent constitution by seven days as an important development. He called upon all parties and their leaders to work together and to redouble their efforts to meet the new deadline of August 22. Mr. Qazi stressed the importance of the process over the coming week. He urged all parties to continue to hold their discussions in a structured, transparent and inclusive manner, with the best interests of all the Iraqi people as an overriding priority.
- This past week, Iraqís national carrier, Iraqi Airways, flew its first scheduled flight to Dubai, the companyís Director General Abed Ali Juda said. If the new flights to Dubai prove successful, the company will increase the flights to three times a week. The company has been struggling to resume international flights for over two years but its efforts have been thwarted by continuing violence. The company has also scheduled flights to neighboring Jordan twice a week.

[6.0] Maintain Intíl Engagement & Support ñ Contributors to Iraqi Stability Operations



Data as of August 17, 2005

28 Multi-National Forces ñ Iraq (MNF-I) Contributors (in addition to US)

Albania	Denmark	Latvia	Portugal
Armenia	El Salvador	Lithuania	Romania
Australia	Estonia	Macedonia	Singapore
Azerbaijan	Georgia	Moldova	Slovakia
Bosnia-Herzegovina	Italy	Mongolia	South Korea
Bulgaria	Japan	Norway	Ukraine
Czech Republic	Kazakhstan	Poland	UK

TOTAL ~ 23,000 Forces

*Note: Fiji participating as a part of the UN mission in Iraq.

29 Countries and NATO

(including US)

Support Iraqi Stability Operations

[7.0] Promote Strategic Communications ñ Developments



Strategic Communications:

- i Prime Minister Ibrahim Jaíafari assigned the Minister of State for National Assembly Affairs to start a campaign to increase the awareness of the people on the constitution. The Prime Minister believed that the media has a great role to play in such circumstances and was concerned that certain satellite channels might have misreported a few topics or not have reached the anticipated level.
- The online news-exchange, Aswat Al-Iraq, which was started by the Reuters Foundation in 2004, will expand with additional resources secured from the United Nations Development Program (UNDP) and the Spanish Agency for International Cooperation (AECI). Aswat al-Iraq online currently publishes over 600 news items a month and many have already been widely published in the Iraqi press.
- The Sunni Conference, which includes the Sunni Endowment, Islamic Party, and Muslim Clerics Board, urged all Sunni Arabs to take part in the next election. Ayad Al Samaraie, head of the Sunni Endowment, said participation in the constitutional referendum is a required duty for all Sunnis. He added that their participation will be a great step towards being closer to God.

[7.0] Promote Strategic Communications ñ Developments



Strategic Communications:

- i After granting themselves an extra week to complete a draft constitution, Iraqi leaders joined US Ambassador Zalmay Khalilzad on August 16 cited the missed deadline as an opportunity, not a failure. Khalilzad said he was confident an agreement could be reached by August 22. Prime Minister Ibrahim Jaíafari said political groups still had isome differences in views on details, but not on the main principles or major issues.î
- i In the city of Najaf, Independent Election Commission for Iraq (IECI) officials have begun distributing posters outlining the October 15 constitutional referendum. Voter registration began on August 3 and will continue throughout the month of August.
- The National Democratic Institute (NDI) conducted four training sessions on iEarned Mediaî from August 7-11 for the Nation Party, the Turkomen Front, the Kurdistan Islamic Union and Wefa Turkoman Movement. The participants, who work in their partyís media department, were provided an opportunity to develop their skills in writing press releases, reviewing past press events and discussing the content and development of their future party website. In the second portion of the training, the participants practiced their television interviewing skills in NDI/s media studio.

Iraq Weekly Status ñ General Information



ï This brief draws from multiple sources. References are cited on the respective pages in the ìNotes Pageî section (View → Notes Page).

i Please forward all questions and/or comments to <u>NEA-I-IPOG-DL@state.gov</u>